

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST CYCLE

Schedule 13											
Change Request for FY 08-09 Budget Request Cycle											
	Decision Item FY 08-09	<input type="checkbox"/>	Base Reduction Item FY 08-09	<input type="checkbox"/>	Supplemental FY 07-08	<input type="checkbox"/>	Budget Request Amendment FY 08-09	<input checked="" type="checkbox"/>			
Request Title:	Reduction in Medical Services Premiums in Support of Regional Center ICF/MR Conversion by the Department of Human Services										
Department:	Health Care Policy and Financing			Dept. Approval by:	John Bartholomew			Date:	January 23, 2008		
Priority Number:	BA - 7			OSPB Approval:				Date:			
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
	Fund	FY 06-07	FY 07-08	FY 07-08	FY 07-08	FY 08-09	Reduction	FY 08-09	FY 08-09	FY 08-09	(Column 5)
											FY 09-10
Total of All Line Items	Total	2,061,396,808	2,147,858,908	0	2,147,858,908	2,147,626,990	0	2,147,626,990	(31,024)	2,147,595,966	(55,566)
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	633,377,714	652,421,500	0	652,421,500	651,512,742	0	651,512,742	(15,512)	651,497,230	(27,783)
	GFE	343,100,000	343,900,000	0	343,900,000	343,900,000	0	343,900,000	0	343,900,000	0
	CF	0	38,256	0	38,256	38,256	0	38,256	0	38,256	0
	CFE	48,860,206	76,001,368	0	76,001,368	76,794,167	0	76,794,167	0	76,794,167	0
	FF	1,036,058,888	1,075,497,784	0	1,075,497,784	1,075,381,825	0	1,075,381,825	(15,512)	1,075,366,313	(27,783)
(2) Medical Services Premiums	Total	2,061,396,808	2,147,858,908	0	2,147,858,908	2,147,626,990	0	2,147,626,990	(31,024)	2,147,595,966	(55,566)
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	633,377,714	652,421,500	0	652,421,500	651,512,742	0	651,512,742	(15,512)	651,497,230	(27,783)
	GFE	343,100,000	343,900,000	0	343,900,000	343,900,000	0	343,900,000	0	343,900,000	0
	CF	0	38,256	0	38,256	38,256	0	38,256	0	38,256	0
	CFE	48,860,206	76,001,368	0	76,001,368	76,794,167	0	76,794,167	0	76,794,167	0
	FF	1,036,058,888	1,075,497,784	0	1,075,497,784	1,075,381,825	0	1,075,381,825	(15,512)	1,075,366,313	(27,783)
Letternote revised text:											
Cash Fund name/number, Federal Fund Grant name:				Title XIX							
IT Request: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No											
Request Affects Other Departments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				If Yes, List Other Departments Here:				Department of Human Services			

CHANGE REQUEST for FY 08-09 BUDGET REQUEST CYCLE

Department:	Health Care Policy and Financing
Priority Number:	BA - 7
Change Request Title:	Reduction in Medical Services Premiums in Support of Regional Center ICF/MR Conversion by the Department of Human Services

SELECT ONE (click on box):

- ☐ Decision Item FY 08-09
- ☐ Base Reduction Item FY 08-09
- ☐ Supplemental Request FY 07-08
- ☒ Budget Request Amendment FY 08-09

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- ☐ Not a Supplemental or Budget Request Amendment
- ☐ An emergency
- ☐ A technical error which has a substantial effect on the operation of the program
- ☒ New data resulting in substantial changes in funding needs
- ☐ Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Department requests a reduction of \$31,024 in Medical Services Premiums in support of Decision Item 6 by the Department of Human Services titled “Regional Center ICF/MR Conversion and Year Two of the Staffing Study (Wheat Ridge).” The request by the Department of Human Services will begin transition of the Regional Centers’ group homes to certification under the Centers for Medicare and Medicaid Services (CMS) regulations for Intermediate Care Facilities for Persons with Mental Retardation (ICF/MR).

Background and Appropriation History:

The trend in treatment for persons with developmental disabilities has been deinstitutionalization and transfer to the least restrictive settings. During FY 03-04, the federal Centers for Medicare and Medicaid Services (CMS) reviewed Colorado’s Home and Community Based Services – Developmentally Disabled waiver programs and approved renewal conditional on the following key changes: removal of certain services

from the waiver and transition of these services to the Medicaid State Plan, and improved financial oversight and accountability of the program.

As part of the first change, the Regional Centers are no longer allowed to provide medical, psychiatric and therapy services to waiver individuals. These services are critical in meeting the needs of this population. The second change, improved financial oversight and accountability has resulted in a new fee-for-service rate structure that is expected to be inadequate for individuals with severe, extensive treatment needs who reside at the Regional Centers. The Regional Centers must begin to access home health services under the Medicaid State Plan. Finally, the Regional Centers will be required to access Community Centered Board case management, utilization review, and quality assurance activities.

General Description of Request:

This request would allow 20 of the Regional Centers' 40 Home and Community Based Services – Developmentally Disabled group homes to convert to ICF/MR certification during FY 08-09. These 20 homes are all of the waiver groups homes located at the Wheat Ridge Regional Center. The remaining homes at Grand Junction and Pueblo Regional Centers may be requested for conversion in a later fiscal year.

To offset the increased funding that will be necessary when the conversion to the ICF/MR arrangement occurs, the Department of Health Care Policy and Financing can decrease the amount of Medicaid funding currently paid through the Department's Medical Services Premiums line item because the funding will be included within the ICF/MR funding instead. However, the funding previously used in the Medical Services Premiums line item has not been large in comparison to the total need for funding by the ICF/MR. The Medical Services Premiums line item has paid claims for non-waiver services provided by medical practitioners, physicians, and dentists that will be moved into the ICF/MR funding. This would cause a reduction in funding for Medical Services Premiums in both FY 08-09 in the amount of \$31,024 and FY 09-10 in the amount of \$55,566.

Consequences if Not Funded:

If this request is not funded, then the Department of Human Services would convert group homes to ICF/MR status and certification by the federal Centers for Medicare and Medicaid Services outside of a Medical Services Premiums offset.

Calculations for Request:

Summary of Request FY 08-09	Total Funds	General Fund	Federal Funds
Total Request	(\$31,024)	(\$15,512)	(\$15,512)
(2) Medical Services Premiums, Medical Services Premiums (Column 8)	(\$31,024)	(\$15,512)	(\$15,512)

Summary of Request FY 09-10	Total Funds	General Fund	Federal Funds
Total Request	(\$55,566)	(\$27,783)	(\$27,783)
(2) Medical Services Premiums, Medical Services Premiums (Column 10)	(\$55,566)	(\$27,783)	(\$27,783)

The conversion is estimated by the Department of Human Services to be completed in 6.7 months in FY 08-09 as shown below.

Location	Transition Date	Number of Homes	Number of Months	Total Months
Wheat Ridge Regional Center	July 1, 2008	2.0	12.0	24.0
Wheat Ridge Regional Center	September 1, 2008	2.0	10.0	20.0
Wheat Ridge Regional Center	November 1, 2008	3.0	8.0	24.0
Wheat Ridge Regional Center	January 1, 2009	7.0	6.0	42.0
Wheat Ridge Regional Center	March 1, 2009	6.0	4.0	24.0
Totals		20.0		134.0
Number of Months in Full Fiscal Year for all 20 homes (= 20 homes X 12 months)				240.0
Number of Months of Conversion in FY 08-09 (= total months / available months 134/240 * 12)				6.7 Months

Assumptions for Calculations:

To identify the savings to the Medical Services Premiums line, the Department examined data from the Medicaid Management Information System for FY 06-07 for all Medicaid State Plan services that would become the responsibility of the ICFs/MR as a result of the transition. Clients at the Wheat Ridge Regional Center were identified by the presence of at least one residential habilitation claim from the Wheat Ridge Regional Center at some

time during FY 06-07. Subsequently, all non-waiver practitioner, physician, and dental claims in FY 06-07 were pulled for these clients. The Department determined that the total amount for these state plan services provided to Wheat Ridge Regional Center clients during FY 06-07 was \$55,566.

The full annual funding reduction was adjusted to equal 6.7 months of funding in FY 08-09 since the conversion would be in effect for only that number of months, with an impact of \$31,024 for those months. ($\$55,566 \times 6.7 \text{ months}/12$)

Only services not presently included in the Regional Center list of provided services should be separated from the Medical Services Premiums line item.

If this funding is reduced for FY 08-09, funding would be reduced for FY 09-10 only for the Wheat Ridge group homes. There may be other funding reductions in FY 09-10 for Regional Center conversions in Pueblo and Grand Junction. These requests would be submitted at a future time.

The funding reduced in the Medical Services Premiums line item includes both General Fund and matching federal funds.

Impact on Other Government Agencies:

This reduced funding at the Department of Health Care Policy and Financing would provide an offset to new additional funding requested for the ICF/MR conversion by the Department of Human Services.

Cost Benefit Analysis:

Cost/ Benefit	Funding Impacts
Benefit: Provides an offset to Department of Human Services in Total Funds	\$31,024 in Total Funds Offset

This request is clearly a benefit to the State by providing an offset to the request by the Department of Human Services.

Statutory and Federal Authority:

42 C.F.R., §442.105 *If a survey agency finds a facility deficient in meeting the standards for ICFs/MR, as specified under subpart I of part 483 of this chapter, the agency may certify the facility for Medicaid purposes under the following conditions: (a) The agency finds that the facility's deficiencies, individually or in combination, do not jeopardize the patient's health and safety, nor seriously limit the facility's capacity to give adequate care. (b) The agency finds acceptable the facility's written plan for correcting the deficiencies.*

25.5-6.402 (2), C.R.S. (2007) *The General Assembly intends that the State Department [of Health Care Policy and Financing] and the Department of Human Services shall cooperate to the maximum extent possible in designing, implementing, and administering the programs authorized under this Part 4.*

26.6-6-404 (2), C.R.S. (2007) *The State Department [of Health Care Policy and Financing] and the Department of Human Services shall, subject to appropriation, utilize any available federal, State, local, or private funds, including but not limited to Medicaid funds available under Title XIX of the federal "Social Security Act", as amended, such as Medicaid home-and community-based waivers, to carry out the purposes of this Part 4.*

Performance Measures:

This Change Request affects the following Performance Measures:

- Increase the number of clients served through targeted, integrated care management programs.
- Maintain or reduce the difference between the Department's spending authority and actual expenditures for Medicaid services.

The Department believes that the ICF/MR arrangement will be cost-effective and satisfy the clients' needs in a well managed environment.